



## **Cultural industries: playing frog or playing ox?**

**Patrick Messerlin**

It has been so for the last eighteen months: each and every month will bring about additional information to the effect that public money poured into movie-making or music-publishing has no traction on the worldwide influence of French culture. Hard to elude the questions raised by so deep a rift.

Cultural institutions (CNC, SACEM, etc) have confronted the issue by commissioning two reports on the size of « cultural industries ». Both will likely be the talk of the upcoming Chaillot Forum on the “Future of Culture” hosted by Minister Filipetti.

This reaction is stunning. It fails to address the key issue raised by the gap identified by this tidal wave of information. It focuses on a single dimension – the size of the industry – that is actually of limited economic relevance and downright immaterial to cultural influence. Isn't it amazing that it will fall upon an economist to emphasize the latter point?

The main two reports paint cultural industries with the colours of a true heavy weight of the French economy: €75 billion according to the EY (Ernst and Young) survey, i.e. more than telecoms, chemicals or car manufacturing.

Yet there is a fly in the ointment: this finding results from huge economic mistakes made by the reports whose compounding effect grossly (up to 7 times) overstates the actual size of cultural industries. What follows quotes but a few examples of these errors.

First, these surveys measure the size of cultural industries based on their output. This overlooks the fact that the overall output includes “intermediate goods and services”, i.e. goods and services used by cultural industries in the process of producing movies, songs, etc. It amounts to considering, for instance, that flight tickets and hotel rooms spent on location to

shoot a film, raw material and plants to manufacture DVDs, etc are produced by the cultural industries themselves. This is economic non-sense. All economists would agree that industry size goes by its “value added”, which results from taking these intermediate goods and services off the final output. The mistake thus unveiled is of major consequence: it deflates the €75 billion found by the EY report down to approximately 30 billion all things being equal.

More stunning yet, the EY report combines stable and temporary jobs. As a consequence, a one-hour weekly job and a regular 35-hour weekly contract make for two jobs. By virtue of this weird arithmetic, the French movie industry itself is credited with 105,890 jobs, of which 77,200 are temporary. The reader is not even so sure that the same temporary job allocated to movie-making will not show up again in the tally pertaining to the TV industry.

A third source for overstated figures consists of considering the overall value added by the industries concerned in isolation from their non-French input, another big mistake. For example, 60% of the value added churned out by movie theaters in France originate in non-French movies. By and large, 25% of the value added by the movie and TV industries located in France is of extra-French origin, thus downsizing to €7 billion the actual size of the French component of these two industries.

The last overestimate of the economic contribution of the cultural industries packs as many sectors as possible under the “creative and cultural industries” banner. It is hard not to see through the absurd line of reasoning that supports this Lego-style construct: why not fold car manufacturing, ship building, aerospace, etc into a mixed bag of mechanical industries bound to outweigh the cultural industries?

Would at least this Lego play make economic sense? By no means. For instance, it would be warranted to merge the output from cinema and architecture into a single aggregate if only a robust link could be documented between the demand for these two services. Are French moviegoers more inclined than others to buy the services of an architect? Not really.

Furthermore, does size matter to cultural industries? Only occasionally – and less and less so arguably, thanks to the internet. Nowadays, a singer or a producer of French art-house movies can reach out to their audiences everywhere at the same time via YouTube or DailyMotion.

Thirty years ago, this was mission impossible: these artists would need to produce and ship CDs, talk theater owners into showing their film, etc.

This begs the question: why then be so obsessed with the size factor and why let the media feed on it? The answer is to be found in the report authored jointly by the General Inspectorates of the Treasury and of the ministry of Culture: while accounting only for 15% of the value added generated by cultural industries, cinema and TV pocket 60% of the related subsidies. This proves the point that size catches the eye of policy makers. The very notion of cultural industries betrays its basic lobbying purpose, to enlist as many ancillary or contributory sectors as possible in order to add weight and thus to perpetuate a system that benefits only the happy few. This is reminiscent of big farmers calling on the smaller fry to stage impressive demonstrations aimed to secure a steady flow of subsidies.

A serious economic mistake, this obsession with size more critically betrays the claimed goal of supporting the influence of French culture. It gives everybody to understand that France's cultural policy is doing well whereas all alarm bells are ringing: the strong growth of government subsidies over the last ten years has done nothing but digging a deeper rift between revenues earned and influence gained. This attitude brings to light a stubborn refusal to acknowledge the amazing opportunity the internet affords all cultures in the form of a world audience at every talent's fingertips. Why are French youngsters suddenly interested in Korea following the global success of K-pop? Thanks to DailyMotion and YouTube. Why are Korean youth attracted by France following the global waves made by Daft Punk's "French touch"? Thanks to Naver and YouTube, and certainly not as a result of the current regulation of French music.

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